

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Promote Policy  
and Program Coordination and Integration in  
Electric Utility Resource Planning.

Rulemaking 04-04-003  
(Filed April 1, 2004)

**ASSIGNED COMMISSIONER'S RULING  
PLACING CONSIDERATION OF THE SEMPRA, WILLIAMS, KING RIVER,  
CITY AND COUNTY OF SAN FRANCISCO AND SUNRISE DWR CONTRACTS  
IN R.04-04-003, REQUESTING COMMENTS AND ALTERNATIVE  
PROPOSALS FOR THE ALLOCATION OF THESE CONTRACTS AND  
SETTING A PREHEARING CONFERENCE FOR APRIL 26, 2005**

**Summary**

This Assigned Commissioner's Ruling (ACR) initiates the California Public Utilities Commission's (Commission) consideration of the reallocation of the following California Department of Water Resources (DWR) contracts: Sempra Energy (Sempra), Williams Product D units (Williams), Kings River Conservation District (Kings River), City and County of San Francisco (CCSF) and Sunrise Power Company (Sunrise), and places consideration of the potential reallocation of these contracts in Rulemaking (R.) 04-04-003. Parties are asked to file comments and proposed alternatives by March 18, 2005, and responses to comments and proposed alternatives by April 8, 2005. Parties are also asked to discuss whether workshops and/or Evidentiary Hearings (EHs) would be effective in assisting the Commission with its decision. In addition, DWR is asked to work with the Investor Owned Utilities (IOUs) to provide the

Commission with information concerning the effects of the potential reallocation of these contracts.

A Prehearing Conference (PHC) is scheduled for Tuesday, April 26, 2005, at 10:00 a.m. in the Commission's San Francisco Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California.

### **Background**

The issue of the Sunrise contract reallocation is presently in R.01-10-024, a proceeding that is slated to be closed. The Kings River and CCSF contracts were placed in issue in R.04-04-003 pursuant to an ACR/Scoping Memo, and the other DWR contracts under consideration for possible reallocation are currently not assigned to any proceeding. Therefore, all DWR contracts that are under consideration for reallocation are being placed in R.04-04-003, will be reviewed in a separate phase of the Rulemaking, and will be resolved by a Commission decision in R.04-04-003.

The Sunrise contract (560 MW from the Sunrise Power Plant) is currently allocated to San Diego Gas & Electric Company (SDG&E). In a motion in R.01-10-024 for approval to enter into new electric resource contracts resulting from its grid reliability Request for Proposal (RFP), SDG&E asked the Commission to reallocate the Sunrise contract<sup>1</sup> to Pacific Gas and Electric Company (PG&E) as a condition to SDG&E's approval of a Power Purchase Agreement (PPA) with Calpine Corporation (Calpine) for the Otay Mesa power facility. Although the Commission did authorize SDG&E to enter into the PPA

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<sup>1</sup> PG&E objects to that reallocation.

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with Otay Mesa in D.04-06-011, the Commission deferred consideration of the reallocation of the Sunrise contract.

The Williams contracts are presently allocated to SDG&E. The Williams contract units, which include Alamos Unit 5 (504 MW), Alamos Unit 6 (504 W) and Huntington Beach Unit 1 (226 MW) are physically located in Southern California Edison Company's (SCE) service territory. There is some concern by SCE that this situation may have an impact on local reliability conditions in SCE's service territory as SDG&E decides to dispatch, or not dispatch, the Williams units' capacity. One proposal the Commission will consider is the possible reallocation of the Williams contract from SDG&E to SCE.

The Sempra contract (ranging from 1,200 MW to 1,900 MW depending on time of year) is currently allocated to SCE. If the Williams contract is reallocated to SCE, then SCE might have a larger share of DWR contract capacity. To remedy this possible inequitable result, one proposal the Commission will consider is reallocating the Sempra contract to SDG&E.

On April 14, 2004, DWR requested that the Commission allocate the Kings River contract (90 MW) to the IOUs for operational and administrative purposes. On June 4, 2004, an ACR issued in R.04-04-003 directing PG&E to assume for its long-term planning purposes that it was allocated the Kings River and the CCSF (180 MW) contracts. PG&E adopted those assumptions in its long-term plan.

## **Discussion**

As the Assigned Commissioner in R.04-04-003, and in consultation with the Chief Administrative Law Judge, I am placing consideration of the potential reallocation of these five DWR contracts into R.04-04-003. As referenced above, there are some reallocation proposals that have already been advanced. We are requesting that parties comment on the reallocation proposals and present alternative suggestions. Among other alternatives, the Commission may also choose not to reallocate any or all of the contracts. However, in general, the

Commission has stated in the past that we want the DWR contracts allocated fairly among the IOUs for cost purposes, but also prefer that the contracts be allocated in a manner that maximizes each IOU's ability to maintain grid reliability.

Comments and proposed alternatives are due by March 18, 2005, and responses to comments and proposed alternatives are due by April 8, 2005. Parties are also asked to discuss whether workshops and/or EHs would be effective in assisting the Commission with its decision. For either workshops and/or EH parties are asked to propose a schedule with time consideration and to suggest topics for either workshop discussion or testimony. If EHs are not necessary to resolve disputed facts parties should weigh in on whether a round of briefs is necessary. While this ruling provides for the filing of proposals and comments, the final schedule for the issuance of a Commission decision will be determined after review of the comments and a determination of whether EHs are required.

In addition, DWR is asked to work with the IOUs to provide comparison metrics concerning the effects of the potential reallocation of these contracts.

### **Prehearing Conference**

Following receipt and review of the comments and replies, a PHC will be held on Tuesday, April 26, 2005, at 10:00 a.m., in the Commission's San Francisco Courtroom, 505 Van Ness Avenue, San Francisco, California. No PHC statements are required. Parties should be prepared to discuss the steps necessary for the Commission to reach a decision on the DWR contract reallocation and an appropriate schedule.

**IT IS RULED** that:

1. This Assigned Commissioner's Ruling initiates the Commission's consideration of the possible reallocation of the following Department of Water Resources' (DWR) contracts: Sempra Energy, Williams Product D units, Kings River Conservation District, City and County of San Francisco and Sunrise Power Company, and places reallocation consideration of these contracts in Rulemaking 04-04-003.

2. Parties are asked to file comments and proposed alternatives by March 18, 2005, and responses to comments and proposed alternatives by April 8, 2005. Parties are also asked to discuss whether workshops and/or evidentiary hearings would be effective in assisting the Commission with its decision.

3. DWR is asked to work with the investor owned utilities to provide the Commission with information concerning the effects of the reallocation of these contracts.

4. A prehearing conference is scheduled for Tuesday, April 26, 2005, at 10:00 a.m., in the Commission's San Francisco Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California.

Dated January 28, 2005, at San Francisco, California.

/s/ MICHAEL R. PEEVEY

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Michael R. Peevey  
Assigned Commissioner

**CERTIFICATE OF SERVICE**

I certify that I have by mail, and by electronic mail to the parties to which an electronic mail address has been provided, this day served a true copy of the original attached Assigned Commissioner's Ruling Placing Consideration of the Sempra, Williams, King River, City and County of San Francisco and Sunrise DWR Contracts in R.04-04-003, Requesting Comments and Alternative Proposals for the Allocation of These Contracts and Setting a Prehearing Conference for April 26, 2005 on all parties of record in this proceeding or their attorneys of record.

Dated January 28, 2005, at San Francisco, California.

/s/ FANNIE SID  
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Fannie Sid

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at

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at least three working days in advance of the event.